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August 26, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following Record Requests:

From the Department:

RR-DTE-55	RR-DTE-58	RR-DTE-66	RR-DTE-80 (EMR)
RR-DTE-125	RR-DTE-134	RR-DTE-141	RR-DTE-142
RR-DTE-143	RR-DTE-145	RR-DTE-156	RR-DTE-166
RR-DTE-169			

From the Attorney General:

RR-AG-85	RR-AG-86	RR-AG-87	RR-AG-89
RR-AG-101			

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Per Ground Rules Memorandum issued June 13, 2005:

Paul E. Osborne, Assistant Director – Rates and Rev. Requirements Div. (1 copy)

A. John Sullivan, Rates and Rev. Requirements Div. (4 copies)

Andreas Thanos, Assistant Director, Gas Division (1 copy)

Alexander Cochis, Assistant Attorney General (4 copies)

Service List (1 electronic copy)

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Steven A. Barkauskas

RR-DTE-55: Confirm that Attachment AG-12-20 is correct.

Response: Yes, Attachment AG-12-20 REVISED CONFIDENTIAL as filed on July 21, 2005 is correct.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy  
James L. Harrison, Consultant (Cost Studies)

RR-DTE-58: Referencing Page 6 of the Cost of Gas adjustment tariff, compare item labeled Bad Debt Expense Percentage (2.184), to the 2.17 percent listed on Line 6, Schedule JES-6, Page 9. Including the origin of the 2.184 in the CGA tariff as well as reference the Department's order.

Response: The overall company average write-off figure of 2.17% was developed based on Department precedent using the average of the last three years of net write-offs and related three years of total firm billed revenue. As shown in Exhibit BSG/JES-1, Schedule JES-6, Page 9 of 20 write-offs totaled \$26,539,280 and firm billed revenue totaled \$1,222,693,325 for the three-year period.

As Mr. Ferro explained in the course of his cross examination, the bad debt percentage set out in the CGAC tariff is intended to be applied to forecast gas costs in calculating the seasonal GAFs, which should include both direct and indirect gas costs, including the LPG/LNG revenue requirements. Also as explained by Mr. Ferro in cross examination, this percentage is used only as a means to estimate bad debt expense associated with gas costs in deriving the bad debt (BD) component of the GAF. Since BD expense is reconciled to actual BD expense associated with gas costs, the use of an extremely precise percentage is not critical.

The figure of 2.184% was developed by Mr. Harrison on Schedule JLH-3-14, page 1. This figure represents the sum of all classes', supply-related bad debt expense divided by direct gas costs alone. Since bad debt expense and supply-related costs vary by class, the weighted average supply-related bad debt expense ratio varies slightly from the system average of 2.17%. The 2.184% figure was developed before Mr. Ferro clarified how it would be used in future CGAC filings. It is now apparent that the appropriate percentage, should be applicable to indirect gas costs including LP/LNG revenue requirements. The LP/LNG costs are also shown on Schedule JLH-3-14 and should be included in the denominator of the calculation.

Since the original filing, the Company identified slightly over \$400,000 of additional special contract revenue that will reduce firm revenue

requirements for all firm rate classes. The Company provided revised cost studies and an updated rate design in the Company's response to AG-22-44. Based on this most current information, the calculation of the appropriate percentage for use in the CGA tariff should be:

% = Gas Cost Bad Debt Expense / (Direct Gas Costs + LP/LNG Gas Costs)

% = 7,082,443 / (324,558,618 + 5,260,403)

% = 2.15%

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

RR-DTE-66: Provide supporting detail for mains, services, and other additions for years 2000 through 2003, as shown in Schedule JES-17.

Response: Please see Attachment RR-DTE-66 for a detailed summary showing direct costs incurred during 2000, 2001, 2002, 2003, and 2004, respectively. These costs are broken down into the following categories: mains, services, and other additions, as shown in Schedule JES-17 and Table DTE-3-33, and include, by division, the number of units installed and the average cost per unit.

The plant accounting system records referenced by Mr. Skirtich on Page 1509 of Transcript Volume 9, do not break down SIR program expenditures into the detail requested. Specifically, the Company's Asset Management system does not distinguish between SIR-related program expenditures and non-SIR replacement expenditures shown in Account 367 (Mains) or Account 380 (Services). Therefore, to obtain more detailed cost information related to the replacement of unprotected steel infrastructure, the Company queried its Work Order Management System ("WOMS"), for the requested information.

As shown in the Company's response to DTE-3-32, additional detailed information is available for its unprotected steel investments, such as WOMS detailed reports and invoices. However, given the time period requested and the voluminous nature of the data, this information can not be provided in a timely basis in a presentable format.

**Bay State Gas Company**  
**SIR Base Rate Adjustment**  
**Historical Bare Steel Replacement Capital Expenditures**  
**Direct Costs**  
**2000 through 2004**  
**ACTUAL - DETAIL**

<b><u>MAINS</u></b>		<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>
Massachusetts	Direct Cost	\$ 1,683,647	\$ 3,555,845	\$ 2,533,660	\$ 3,161,644	\$ 4,688,027
	Units	50,444	69,794	49,351	69,248	111,975
	Cost per Unit	\$ 33.38	\$ 50.95	\$ 51.34	\$ 45.66	\$ 41.87
Brockton	Direct Cost	\$ 1,076,103	\$ 1,498,408	\$ 1,529,959	\$ 1,594,361	\$ 4,333,940
	Units	29,215	37,070	32,889	42,851	106,659
	Cost per Unit	\$ 36.83	\$ 40.42	\$ 46.52	\$ 37.21	\$ 40.63
Lawrence	Direct Cost	\$ 78,533	\$ 432,407	\$ 814,131	\$ 199,946	\$ 227,649
	Units	2,133	5,934	11,627	5,139	3,105
	Cost per Unit	\$ 36.82	\$ 72.87	\$ 70.02	\$ 38.91	\$ 73.32
Springfield	Direct Cost	\$ 529,011	\$ 1,625,030	\$ 189,570	\$ 1,367,337	\$ 126,438
	Units	19,096	26,790	4,835	21,258	2,211
	Cost per Unit	\$ 27.70	\$ 60.66	\$ 39.21	\$ 64.32	\$ 57.19

<b><u>SERVICES</u></b>		<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>
Massachusetts	Direct Cost	\$ 744,544	\$ 1,324,186	\$ 1,077,621	\$ 1,186,583	\$ 1,259,116
	Units	757	944	812	930	845
	Cost per Unit	\$ 983.55	\$ 1,402.74	\$ 1,327.12	\$ 1,275.90	\$ 1,490.08
Brockton	Direct Cost	\$ 316,329	\$ 781,831	\$ 506,295	\$ 674,850	\$ 785,474
	Units	421	581	449	595	593
	Cost per Unit	\$ 751.38	\$ 1,345.66	\$ 1,127.61	\$ 1,134.20	\$ 1,324.58
Lawrence	Direct Cost	\$ 113,339	\$ 185,973	\$ 205,618	\$ 179,058	\$ 137,915
	Units	94	105	104	91	35
	Cost per Unit	\$ 1,205.73	\$ 1,771.17	\$ 1,977.10	\$ 1,967.67	\$ 3,940.43
Springfield	Direct Cost	\$ 314,876	\$ 356,382	\$ 365,708	\$ 332,675	\$ 335,727
	Units	242	258	259	244	217
	Cost per Unit	\$ 1,301.14	\$ 1,381.33	\$ 1,412.00	\$ 1,363.42	\$ 1,547.13

<b><u>OTHER ADDITIONS (Service Tieovers)</u></b>		<b><u>2000</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>
Massachusetts	Direct Cost	\$ 130,265	\$ 292,981	\$ 224,915	\$ 249,083	\$ 272,071
	Units	197	324	223	358	289
	Cost per Unit	\$ 661.24	\$ 904.26	\$ 1,008.59	\$ 695.76	\$ 941.42
Brockton	Direct Cost	\$ 77,057	\$ 182,328	\$ 145,092	\$ 183,587	\$ 263,229
	Units	96	201	146	247	270
	Cost per Unit	\$ 802.68	\$ 907.10	\$ 993.78	\$ 743.27	\$ 974.92
Lawrence	Direct Cost	\$ 8,129	\$ 27,021	\$ 33,457	\$ 25,522	\$ 3,017
	Units	17	17	36	40	10
	Cost per Unit	\$ 478.18	\$ 1,589.47	\$ 929.36	\$ 638.05	\$ 301.70
Springfield	Direct Cost	\$ 45,079	\$ 83,632	\$ 46,366	\$ 39,974	\$ 5,825
	Units	84	106	41	71	9
	Cost per Unit	\$ 536.65	\$ 788.98	\$ 1,130.88	\$ 563.01	\$ 647.22

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Earl M. Robinson, Consultant (Depreciation)

RR-DTE-80 (EMR): Please reconcile the difference in the following amounts:

- (1) the proposed increase in annual depreciation expense (\$4,674,251); and
- (2) the increase in annual depreciation expense resulting from a move to the proposed depreciation rates of both the service life (\$4,168,630) and net salvage (\$830,000) components, as shown in DTE-11-41.

Also, please reconcile the difference in the following amounts:

- (1) the proposed total annual depreciation expense (\$28,800,958); and
- (2) the total annual depreciation expense resulting from a move to the proposed depreciation rates of both the service life and net salvage components, as shown in DTE-11-42.

Response: The variances listed above are the result of a difference between the present depreciation rate based annual depreciation expense shown in the filed depreciation report, Exhibit BSG-EMR-2, and the similar amount shown in the the Company's response to DTE-11-41 and DTE-11-42. In preparing the response to DTE-11-41 and DTE-11-42, calculations were required to separate the present depreciation expense into the "plant only" and "net salvage" components of the present depreciation rates. In the process of applying the prior service life parameters (to develop the individual plant and net salvage rates) to the December 31, 2003 plant in service balances various rounding effects occurred. The resulting difference between the present depreciation expense per the depreciation report (\$22,413,024) and the present depreciation expense (\$23,413,024) per the response to DTE-11-41 and DTE-11-42 is \$652,121 and is less than one tenth of 1% (.095%) of the Company's depreciable original cost as of December 31, 2003. The variance is simply the product of rounding.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Joseph A. Ferro, Manager Regulatory Policy

RR-DTE-125: Please hold discussions with the MA DOER and any other settling parties in DTE 04-39 regarding the resolution of LBR and the lost based revenue issues existing within the Company's proposed RPM and ABRAM and report back to the DTE on these discussions.

Response: The Company has contacted the two settling parties involved with D.T.E. 04-39. In doing so, Bay State explained the Department's request to discuss the implications of Bay State's proposed Annual Base Rate Adjustment Mechanism ("ABRAM") on the provisions of the Settlement Agreement related to lost base revenue. Bay State is in the process of arranging for the two settling parties to discuss this issue, but to date the Company is unaware to their respective positions. Bay State will supplement this response with any additional information as it becomes available.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Danny Cote, General Manager

RR-DTE-134: DTE-3-26 provides the capital authorization and closing reports for 15 projects listed in Exh. BSG/DGC-11. Identify the projects where NiSource billed directly the Company for allocated costs to the Company. Provide a copy of the invoices supporting the bills directed to the Company, and the total cost for those services which are allocated, and the amount allocated to Bay State.

Response: NiSource Corporate Services (NCS) billed the Company directly for 4 assets associated with the 15 projects listed in Exh. BSG/DGC-11. Please see Attachment RR-DTE-134 for copies of the invoices, the allocated cost amounts billed to Bay State Gas, and the total cost amounts incurred by NCS.

See Table 1, below, for a summary of project List No. 12, Corporate Services. NCS incurred costs of \$7,594,247.45 of which it direct billed the Company \$114,474.17 and \$697,687.75 for asset numbers 54945 and 54947, respectively. See Table 2, below, for a summary of project List No. 13, Meter Inventory. The Company incurred costs of \$67,506 for asset number 61630. These charges should have been paid through Bay State Gas. However, the invoices were paid by NCS and NCS in turn direct billed Bay State Gas. See Table 3, below, for a summary of project List No. 14, Geneysis CTI. NCS incurred costs of \$111,577.00 of which it direct billed the Company \$30,541.00 for asset number 61632.

RR-DTE-134 TABLE 1 Corporate Services – List No. 12 on Exh. BSG/DGC-11						
	General Ledger Financials				Invoices	
Costs Allocated to Bay State	Asset #	Costs	See Attachment RR-DTE-134 Page #	Reference Letter	See Attachment RR-DTE-134 Page #	Reference Letter
	54945 54947	\$114,474.17 697,887.75 <u>\$812,361.92</u>	2 2	A B	3 7	B B
Costs Incurred by NCS	Not Applicable	2,032,262.42 <u>5,561,885.03</u> 7,594,147.45	Not Applicable	Not Applicable	3 / 4 10	A / D A & B

	General Ledger Financials				Invoices	
Costs Allocated to Bay State	Asset #	Costs	See Attachment RR-DTE-134 Page #	Reference Letter	See Attachment RR-DTE-134 Page #	Reference Letter
	61630	\$67,506.00	12	A	13	A
Costs Incurred by NCS	Not Applicable	\$ 8,944.00 12,724.00 6,880.00 23,048.00 <u>15,910.00</u> \$ 67,506.00	Not Applicable	Not Applicable	19 22 25 28 31	A B C D E

1/ The Meter Inventory line item, List No. 13, on Exh. BSG/DGC-11 is comprised of 3 assets totaling \$106,349.45. Asset # 61381 for \$5,676 and Asset # 54702 for \$33,167.35 were incurred by Bay State (BSG) directly and were not billed to BSG by NCS. The \$67,506 charges for Asset # 61630 should have been paid through BSG. Instead the invoices were paid by NCS which in turn billed BSG.

	General Ledger Financials				Invoices	
Costs Allocated to Bay State	Asset #	Costs	See Attachment RR-DTE-134 Page #	Reference Letter	See Attachment RR-DTE-134 Page #	Reference Letter
	61632	\$30,541.00	33	A	35	A
Costs Incurred by NCS	Not Applicable	\$ 111,577.00	Not Applicable	Not Applicable	35	B

2/ The Geneyasis CTI line item, List No. 14, on Exh. BSG/DGC-11 is comprised of 2 assets totaling \$191,480.25. Asset # 61383 for \$160,939.25 were incurred by Bay State (BSG) directly and were not billed to BSG by NCS.

**ATTACHMENT RR-DTE-134**

**Work Papers for  
Authorization / GL 510700-0000  
Asset # 54945**

**List No. 12**

GL290 Date 08/03/05  
Time 15:25

Company 4000 - BAY STATE GAS COMPANY  
DUMMY - general ledger report  
For Period 1 - 12 Fiscal Year 2003

Bay State Gas Company  
D.T.E. 05-27  
Attachment RR-DTE-134  
Page 2 of 35  
USD Sort Type Account Variable Level  
Activity Beg Bal and Activity

Account 510700-0000

Pd TranDate	SC	Activity	Reference	Sy	Jrnl	Ent	Transaction Desc	Debit	Credit	Balance
<hr/>										
Acct Unit 03BS			BALANCE SHEET		01-03-001			Begin Balance		960,602.18
01 02/05/03	JE	034103		GL	N	2503	clear BSG acct 51844	276,905.25		
02 03/05/03	JE	034103		GL	N	2503	clear BSG acct 51844	89,776.82		
03 04/03/03	JE	034103		GL	N	2503	clear BSG acct 51844	990.57		
04 05/02/03	88	030006		GL	N	1908	Asset addition 54943		7,946.49	
04 05/02/03	88	030006		GL	N	1908	Asset addition 54954		4,880.99	
04 05/02/03	88	030006		GL	N	1908	Asset addition 54961		49,278.10	
04 05/02/03	88	030006		GL	N	1908	Asset addition 54944		89,805.31	
04 05/02/03	88	030006		GL	N	1908	Asset addition 54946		78,521.97	
04 05/02/03	88	030006		GL	N	1908	Asset addition 54949		3,556.47	
04 05/02/03	88	030006		GL	N	1909	Asset 54958		11,910.00	
04 05/02/03	88	030006		GL	N	1909	Asset 54957		31,532.72	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		114,474.17	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		697,887.75	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		4,629.92	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		6,421.00	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		20,861.50	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		35,925.80	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		2,421.67	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		18,226.73	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		10,529.41	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		12,281.00	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		13,492.36	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		9,184.44	
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		4,641.44	
04 05/03/03	JE	034103		GL	N	2503	clear BSG acct 51844	939.17		
05 06/04/03	JE	034103		GL	N	2503	clear BSG acct 51844	3,504.15		
06 07/03/03	JE	034103		GL	N	2503	clear BSG acct 51844	752.20		
07 08/05/03	JE	034103		GL	N	2503	clear BSG acct 51844	523.86		
08 09/04/03	JE	034103		GL	N	2503	clear BSG acct 51844	6,266.25		
09 10/03/03	JE	034103		GL	N	2503	clear BSG acct 51844	13.79		
10 11/05/03	JE	034103		GL	N	2503	clear BSG acct 51844	59,739.96		
11 12/08/03	90	034103		GL	N	2503	Clear BSG acct 51844	23,713.06		
12 01/06/04	90	034103		GL	N	2503	Clear BSG acct 51844	21,122.54		
Total Activity Account								484,247.62	1,228,409.24	744,161.62-

<hr/>										
03BS			BALANCE SHEET		02-05-001			End Balance		216,440.56
Acct Unit 05BS			BALANCE SHEET		02-05-001			Begin Balance		21,589.24
01 02/05/03	JE	034103		GL	N	2501	Clear NU acct 518442	3,484.12		
02 03/05/03	JE	034103		GL	N	2504	Clear NU acct 518442	10,690.75		
03 04/03/03	JE	034103		GL	N	2504	Clear NU acct 518442	122.86		
04 04/29/03	AA	0006	AM20	AM	N	2	ADDITION		25,073.36	
04 05/03/03	JE	034103		GL	N	2504	Clear NU acct 518442	239.00		
05 06/04/03	JE	034103		GL	N	2504	Clear NU acct 518442	362.73		
06 07/03/03	JE	034103		GL	N	2504	Clear NU acct 518442	97.64		
07 08/05/03	JE	034103		GL	N	2504	Clear NU acct 518442	54.23		
08 09/04/03	JE	034103		GL	N	2504	Clear NU acct 518442	32.22		
09 10/03/03	JE	034103		GL	N	2504	Clear NU acct 518442	1.31		
12 01/06/04	JE	034103		GL	N	2504	clear conv bill		566.24	

Fax sent by : 6144684264

NISOURCE

08-04-05 08:47

Pg: 14/15

		<u>(A) TOTAL FOR NCS</u>		<u>TOTAL COST</u>	<u>% TO BSG</u>
					BSG 80/86
AG				901,318.36	4.41%
AO				907,524.66	5.98%
MK				223,319.40	9.16%
				<u>2,032,264.42</u>	
					2001
AG					AG
12-107-	-A1000-00001	HR CONSOLIDATION	692,801.60	30,552.65	
12-107-	-A1000-00002	HR CONSOLIDATION	8,294.40	365.78	
12-107-	-A1000-00008	CONSOLIDATION ACCOUNTING	15,385.90	678.52	
12-107-	-A1000-00009	HR CONSOLIDATION IMPLEMENTATION	53,618.62	2,373.40	
12-107-	-A2000-00005	LEGAL E COUNSEL CONSOLIDATION PROJECT	131,017.94	5,777.89	
Total AG Company			901,318.36	39,748.14	
					AO
12-107-	-A1000-00007	LOTUS NOTES UPGRADE	907,524.66	54,269.97	
Total MK Company				54,269.97	
					MK
12-107-	-C2000-00001	SOFTWARE	202,178.33	18,518.54	
12-107-	-D1000-00009	ENTERPRISE NORTON ANTIVIRUS DESIGN IMPLEMENTATION	21,141.07	1,936.52	
Total MM Company				20,456.06	
Total Company				<u>114,474.17</u>	

(B) AMOUNT CHARGED TO BSG

Pg: 15/15

88-84-85 88:47

NISOURCE

Fax sent by : 6144684264

Description				REMARKS	
HR CONSOLIDATION	12-107-	- A1000-00001	AG		
HR CONSOLIDATION	12-107-	- A1000-00001	AG		
HR CONSOLIDATION	12-107-	- A1000-00001	AG		
HR CONSOLIDATION	12-107-	- A1000-00001	AG		
HR CONSOLIDATION	12-107-	- A1000-00001	AG		
HR CONSOLIDATION	12-107-	- A1000-00001	AG		
HR CONSOLIDATION	12-107-	- A1000-00001	AG		
ONSITE REPAIR AGREEMENT	12-107-	- A1000-00002	AG		
HR CONSOLIDATION	12-107-	- A1000-00002	AG		
CONSOLIDATION ACCOUNTING	12-107-	- A1000-00008	AG		
HR CONSOLIDATION IMPLEMENTATION	12-107-	- A1000-00009	AG		
LEGAL COUNSEL CONSOLIDATION PROJECT	12-107-	- A2000-00005	AG		
LEGAL ECOUNSEL CONSOLIDATION	12-107-	- A2000-00005	AG		
LEGAL E COUNSEL CONSOLIDATION PROJECT	12-107-	- A2000-00005	AG		
LOTUS NOTES UPGRADE	12-107-	- A1000-00007	AO		
LOTUS NOTES UPGRADE	12-107-	- A1000-00007	AO		
LOTUS NOTES UPGRADE ENTERPRISE	12-107-	- A1000-00007	AO		
L NOTES UPGRADE	12-107-	- A1000-00007	AO		
LOTUS NOTES ENTERPRISE	12-107-	- A1000-00007	AO		
LOTUS NOTES UPGRADE ENTERPRISE	12-107-	- A1000-00007	AO		
SOFTWARE	12-107-	- C2000-00001	MK		
ENTERPRISE NORTON ANTIVIRUS DESIGN IMPLEMENTATION	12-107-	- D1000-00009	MK		

A

B

C

D

**ATTACHMENT RR-DTE-134**

**Work Papers for  
Authorization / GL 510700-0000  
Asset # 54947**

**List No. 12**

GL290 Date 08/03/05  
Time 15:25

Company 4000 - BAY STATE GAS COMPANY  
DUMMY - general ledger report  
For Period 1 - 12 Fiscal Year 2003

USD

Page 1  
Sort Account, Variable Level  
Type Amounts  
Activity Beg Bal and Activity

Account 510700-0000

Pd TranDate	SC Activity	Reference	Sy Jrnl Ent	Transaction Desc	Debit	Credit	Balance
BALANCE SHEET					Begin Balance		960,602.18
01 02/05/03	JE 034103	GL N	2503	clear BSG acct 51844	276,905.25		
02 03/05/03	JE 034103	GL N	2503	clear BSG acct 51844	89,776.82		
03 04/03/03	JE 034103	GL N	2503	clear BSG acct 51844	990.57		
04 05/02/03	88 030006	GL N	1908	Asset addition 54943		7,946.49	
04 05/02/03	88 030006	GL N	1908	Asset addition 54954		4,880.99	
04 05/02/03	88 030006	GL N	1908	Asset addition 54961		49,278.10	
04 05/02/03	88 030006	GL N	1908	Asset addition 54944		89,805.31	
04 05/02/03	88 030006	GL N	1908	Asset addition 54946		78,521.97	
04 05/02/03	88 030006	GL N	1908	Asset addition 54949		3,556.47	
04 05/02/03	88 030006	GL N	1909	Asset 54958		11,910.00	
04 05/02/03	88 030006	GL N	1909	Asset 54957		31,532.72	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		114,474.17	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		697,887.75	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		4,629.92	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		6,421.00	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		20,861.50	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		35,925.80	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		2,421.67	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		18,226.73	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		10,529.41	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		12,281.00	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		13,492.36	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		9,184.44	
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		4,641.44	
04 05/03/03	JE 034103	GL N	2503	clear BSG acct 51844	939.17		
05 06/04/03	JE 034103	GL N	2503	clear BSG acct 51844	3,504.15		
06 07/03/03	JE 034103	GL N	2503	clear BSG acct 51844	752.20		
07 08/05/03	JE 034103	GL N	2503	clear BSG acct 51844	523.86		
08 09/04/03	JE 034103	GL N	2503	clear BSG acct 51844	6,266.25		
09 10/03/03	JE 034103	GL N	2503	clear BSG acct 51844	13.79		
10 11/05/03	JE 034103	GL N	2503	clear BSG acct 51844	59,739.96		
11 12/08/03	90 034103	GL N	2503	Clear BSG acct 51844	23,713.06		
12 01/06/04	90 034103	GL N	2503	Clear BSG acct 51844	21,122.54		
Total Activity Account					484,247.62	1,228,409.24	744,161.62-
03BS BALANCE SHEET					End Balance		216,440.56
BALANCE SHEET					Begin Balance		21,589.24
01 02/05/03	JE 034103	GL N	2501	Clear NU acct 518442	3,484.12		
02 03/05/03	JE 034103	GL N	2504	Clear NU acct 518442	10,690.75		
03 04/03/03	JE 034103	GL N	2504	Clear NU acct 518442	122.86		
04 04/29/03	AA 0006	AM20	AM N	2 ADDITION		25,073.36	
04 05/03/03	JE 034103	GL N	2504	Clear NU acct 518442	239.00		
05 06/04/03	JE 034103	GL N	2504	Clear NU acct 518442	362.73		
06 07/03/03	JE 034103	GL N	2504	Clear NU acct 518442	97.64		
07 08/05/03	JE 034103	GL N	2504	Clear NU acct 518442	54.23		
08 09/04/03	JE 034103	GL N	2504	Clear NU acct 518442	32.22		
09 10/03/03	JE 034103	GL N	2504	Clear NU acct 518442	1.31		
12 01/06/04	JE 034103	GL N	2504	clear conv bill		566.24	

(B)

Chanc. 70  
BSC

1700

Fax sent by : 6144684264

02901646

Total Allocated Capital  
Purchased in 2002

Fig: 12/15

	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Total
A1000-00017 Personal Management System													120,846.00
A1000-00018 Security Management System													86,632.38
N2000-00022 Network Redesign													8,283.80
N2000-00021 Change Management													53,614.73
N1000-00143 Service Management System													820.81
A1000-00020 Developer Server Software													43,778.00
C3000-00001 Messaging Program - Internet Mail Routing													113,980.00
A1000-00024 Messaging Program - Internet Mail Routing													70,772.00
D1000-00012 EROC Projector													8,629.20

Sub Total	0.00	1,233.72	14,236.10	7,021.44	20,620.07	176,935.30	1,482.80	103,581.91	12,520.69	0.00	0.00	650,418.00	853,220.89
21400 Corporate Credit Management Phase													64,821.72
21400 Corporate Credit Management Phase													24,971.43
21400 Corporate Credit Management Phase													42,719.73
21400 Corporate Credit Management Phase													104,124.04
21400 Corporate Credit Management Phase													16,723.87
21400 Corporate Credit Management Phase													23,969.83
Sub Total	0.00	0.00	0.00	0.00	0.00	80,444.43	20,121.35	27,050.69	38,872.25	46,300.00	26,336.49	81,269.61	294,204.74

Sub Total	453,943.71	662,334.45	424,238.73	166,406.46	428,949.82	419,468.25	184,775.63	581,004.65	331,207.01	252,829.70	81,406.35	580,888.60	4,447,314.35
N1000-00012 Enterprise Imaging													822,844.41
N1000-00012 Enterprise Imaging													1,010.88
N1000-00012 Enterprise Imaging													95,827.60
N1000-00012 Enterprise Imaging													42,200.00
Sub Total	0.00	0.00	0.00	0.00	0.00	819,272.90	0.00	0.00	0.00	0.00	0.00	0.00	819,272.90

NISOURCE

Sub Total	150,000.00	25,570.31	371,635.70	44,220.65	0.00	17,800.00	62,812.70	14,168.61	14,216.82	54,207.00	42,407.50	117,133.75	613,942.94
D1000-00005 Microsoft Excel													850,272.90
Sub Total	0.00	0.00	0.00	0.00	0.00	819,272.90	0.00	0.00	0.00	0.00	0.00	0.00	819,272.90

D1000-00008 Commensal Desktop													241,449.00
D1000-00008 Commensal Desktop													42,200.00
D1000-00008 Commensal Desktop													6,168.50
D1000-00008 Commensal Desktop													37,139.50
D1000-00008 Commensal Desktop													17,480.00
D1000-00008 Commensal Desktop													2,091.10
D1000-00008 Commensal Desktop													90,827.08
D1000-00008 Commensal Desktop													91,769.19
Sub Total	45,343.00	48,716.98	203,175.39	27,825.10	5,000.00	92,924.81	731.84	1,420.19	1,500.38	9,521.35	16,500.25	4,804.07	468,235.13

A2000-00002 Desktop/Save Time													5,817.00
A2000-00002 Desktop/Save Time													201,630.34
A2000-00002 Desktop/Save Time													14,143.74
A2000-00002 Desktop/Save Time													4,425.00
Sub Total	0.00	0.00	168,131.68	7,088.00	3,200.00	13,297.69	5,225.00	4,639.76	4,432.60	0.00	0.00	0.00	226,025.62

A2000-00005 Legal/Channel Coordination Project													0.00
Sub Total	348.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	348.00
E1000-00007 Legal News Upgrade - Enterprise													32,909.34
A1000-00007 Legal News Upgrade - Enterprise													47,848.11
Sub Total	0.00	0.00	2,241.80	14,223.74	3,202.80	3,020.50	40.88	0.00	0.00	0.00	0.00	0.00	0.00

Fig sent by : 6141684264

Total Allocated Capital Purchased inside in 2002												
	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
Sub total	9,179.04	0.00	2,241.90	0.00	62,211.85	3,302.80	3,650.50	0.00	0.00	40.08	0.00	0.00
A2000-00001 Consolidated Asset Management	200,000.00											
Sub total	200,000.00											
C2000-00001 Servers	0.00			245.00				1,885,692.37				
Sub total	0.00			245.00				1,885,692.37				
Total	404,071.64	74,281.27	768,074.87	79,933.79	62,211.85	3,302.80	3,650.50	1,885,692.37	0.00	40.08	0.00	0.00
A2000-00001 Consolidated Asset Management	MM	MM	MM	MM	MM	MM	MM	MM	MM	MM	MM	MM
A2000-00001 Consolidated Asset Management	0.00	90,000.75	7,084.44	14,625.99	16,075.00	1,592.60	1,370.16	64,807.43	3,349.10	2,354.64	216,782.70	16,833.10
A2000-00001 Consolidated Asset Management	0.00	63,700.00	4,998.84	5,978.84	3,499.78	1,986.07	2,059.15				19,220.89	23,000.06
A2000-00001 Consolidated Asset Management	0.00	4,100.00	8,114.21	8,114.21	20,000.00	1,806.02	2,790.61				42,388.91	42,388.91
A2000-00001 Consolidated Asset Management	0.00	11,200.00	4,315.62	4,315.62	44,684.60	20,785.08					35,121.51	35,121.51
A2000-00001 Consolidated Asset Management			148,070.63	5,100.00							148,070.63	5,100.00
A2000-00001 Consolidated Asset Management			6,355.53	6,355.53							6,355.53	6,355.53
A2000-00001 Consolidated Asset Management			66,610.00	66,610.00							66,610.00	66,610.00
A1000-00012 ACCT Cashier Training												30,800.19
A1000-00018 ROBO Info												30,800.19
Sub total	0.00	160,296.07	182,840.08	18,625.99	0.00	804,524.00	6,338.69	6,219.94	84,807.43	0.00	5,993.80	117,202.85
C1000-00013 Servers - App & Condition	6,640.20											6,540.20
Sub total	6,640.20											6,540.20
C1000-00012 MC-based Infrastructure	13,239.99											13,239.99
Sub total	13,239.99											13,239.99
C1000-00028 Server - App & Condition	0.00	0.00	1,908.44	140,672.59					176.86			142,846.60
Sub total	0.00	0.00	1,908.44	140,672.59					176.86			142,846.60
C3000-00001 Server Configuration	0.00	8,719.44								4,101.37		10,830.81
Sub total	0.00	8,719.44								4,101.37		10,830.81
N2000-00004 Meeting Room, audio-visual and equipment	708.00											708.00
N2000-00004 Meeting Room, audio-visual and equipment	24,208.01											24,208.01
N2000-00004 Meeting Room, audio-visual and equipment	1,308.13											1,308.13
Sub total	25,916.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,971.14
N2000-00021 Client Management	0.00				295.28							295.28
N2000-00021 Client Management					100.81							100.81
N2000-00021 Client Management					375.94							375.94
N2000-00001 License Configuration												1,308.00
N2000-00002 Wireless Configuration												2,615.31
N2000-00003 Telephone Configuration												2,640.80
N2000-00004 Wireless Configuration												1,185.51
N1000-00148 System Infrastructure Support												1,119.02
Sub total	0.00	0.00	0.00	0.00	780.03	0.00	0.00	0.00	0.00	0.00	0.00	12,721.19
Total	45,851.24	163,078.41	109,830.52	165,298.40	780.03	104,824.00	6,338.69	6,219.94	84,807.43	0.00	5,993.80	121,144.62

4662,220.41  
899,664.62  
5,561.85

A = 4,662,220.41  
B = 899,664.62  
= 5,561,885.03

**ATTACHMENT RR-DTE-134**

**Work Papers for  
Authorization / GL 510700-0000  
Asset # 61630**

**List No. 13**

GL290 Date 08/03/05  
Time 15:09

Company 4000 - BAY STATE GAS COMPANY  
DUMMY - general ledger report  
For Period 1 - 12 Fiscal Year 2004

USD

Sort Account, Variable Level  
Type Amounts  
Activity Beg Bal and Activity

Account 510700-0000

Pd TranDate	SC	Activity	Reference	Sy	Jrnl	Ent	Transaction Desc	Debit	Credit	Balance
Acct Unit 03BS								Begin Balance		216,440.56
BALANCE SHEET 01-03-001										
01 02/05/04	90	034103	GL N		2503		Clear BSG acct 51844	67,503.52		
03 04/05/04	90	034103	GL N		2503		Clear BSG acct 51844	74,914.81		
04 04/26/04	88	030006	GL N		1900		Asset 61627 Am170-2		4,037.37	
04 04/26/04	88	030006	GL N		1900		Asset 61631 Am170-2		92,377.05	
04 05/05/04	90	034103	GL N		2503		Clear BSG acct 51844	61,938.70		
04 04/28/04	AA	0006	AM20	AM N	2		ADDITION		23,713.03	
04 04/28/04	AA	0006	AM20	AM N	2		ADDITION		52,923.93	
04 04/28/04	AA	0006	AM20	AM N	2		ADDITION		3,102.56	
04 04/28/04	AA	0006	AM20	AM N	2		ADDITION		8,204.50	
04 04/28/04	AA	0006	AM20	AM N	2		ADDITION		67,506.00	
04 04/28/04	AA	0006	AM20	AM N	2		ADDITION		30,341.00	
04 04/28/04	AA	0006	AM20	AM N	2		ADDITION		66,306.41	
04 04/28/04	AA	0006	AM20	AM N	2		ADDITION		5,767.00	
04 04/28/04	AA	0006	AM20	AM N	2		ADDITION		4,300.04	
08 09/03/04	90	034103	GL N		2503		Clear BSG acct 51844	5,484.73		
09 10/05/04	90	034103	GL N		2503		Clear BSG acct 51844	5,484.73		
10 10/25/04	JE	034103	GL N		1108		CorrectBSG ConvBill		5,484.73	
11 12/03/04	90	034103	GL N		2502		Clear BSG acct 51844	9,967.70		
11 11/29/04	AA	0006	AM20	AM N	3		ADDITION		23,810.13	
11 11/29/04	AA	0006	AM20	AM N	3		ADDITION		12,075.84	
11 11/29/04	AA	0006	AM20	AM N	3		ADDITION		13,976.90	
11 11/29/04	AA	0006	AM20	AM N	3		ADDITION		5,484.73	
12 12/21/04	88	030006	GL N		1900		Asset 65705 to prope		12,075.84	
12 12/22/04	AA	0006	AM20	AM N	1		ADDITION		9,967.70	
12 01/05/05	JE	034103	GL N		2503		CapitalAllocConvBill	125,431.08		
Total Activity Account								350,725.27	441,734.76	91,009.49-
03BS								End Balance		125,431.07
BALANCE SHEET 02-05-001								Begin Balance		11,034.50
Acct Unit 05BS										
04 04/26/04	88	030006	GL N		1900		Asset 61637 Am170-2		11,034.50	
04 05/05/04	JE	034103	GL N		2504		Clear NU acct 518442	1,527.65		
11 11/29/04	AA	0006	AM20	AM N	3		ADDITION		1,527.65	
12 01/06/05	GL	034103	GL N		2471		Correct Conv bill cl	12,600.38		
Total Activity Account								14,128.03	12,562.15	1,565.88
05BS								End Balance		12,600.38
BALANCE SHEET 02-06-001								Begin Balance		12,168.65
Acct Unit 06BS										
04 04/26/04	88	030006	GL N		1900		Asset 61636 Am170-2		12,168.65	
04 05/05/04	JE	034103	GL N		2504		Clear NU acct 518442	934.83		
11 11/29/04	AA	0006	AM20	AM N	3		ADDITION		934.83	
12 01/06/05	GL	034103	GL N		2471		Correct Conv bill cl	10,118.49		
Total Activity Account								11,053.32	13,103.48	2,050.16-
06BS								End Balance		10,118.49
510700-0000								End Balance		148,149.94

Fax sent by : 6144684264

NISOURCE

08-25-05 09:26

Pg: 1/13

80

The following invoices were expensed to account 12-932- -3200-00016- - - -7830:

Voucher Number	Amount
03-09-20202	8,944.00
03-09-20203	12,724.00
03-09-20204	6,880.00
03-10-30649	23,048.00
03-12-21031	15,910.00
	<u>\$ 67,506.00</u>

#61630

303

60904

Meter Inventory

(A)

These charges should have been paid through the BSG A/P and posted to Authorization Number 223030-3004, Cost Center 03851, and Cost Category 1611. Instead the invoices were paid on the NCS (Co 12) books. These items will be convenience billed to BSG in the January 2004 convenience billing.

All charges (100%) to  
BSG

Fax sent by : 6144684264

NISOURCE

08-25-05 09:26 Pg: 2/13

Eric Fletcher

12/16/2003 05:33 PM

To: Brad Vangen/NCS/Enterprise@NiSource  
cc: Kevin Johnson/NCS/Enterprise@NiSource, Alan Burns/TCO/Enterprise@NiSource  
Subject: Invoice reclassification request

Four "request for cash voucher" forms have been sent through for vendor "Kevin Mentzer" with an incorrect classification. I would like for you to correct the classification.

The incorrect classification was:

CO	GEN	AUX	CE	PROJ	ACTIV	FACIL	HCC	JOB	SUB	CO			
12	932			3200	16				7830	878	876	AX	

The correct classification should be (job and sub are the only changes):

CO	GEN	AUX	CE	PROJ	ACTIV	FACIL	HCC	JOB	SUB	CO			
12	932			3200	16				7830	832	0314	AX	80

*No, Wrong Account*

The amounts on the four "request for cash voucher" forms that need to be reclassified are:  
\$8,944.00  
\$12,724.00  
\$6,880.00  
\$23,048.00

Please call my cell phone if you need more information. (304) 646-5329

Eric Fletcher  
304.357.3382 (desk)  
304.546.5329 (cell)

*219-647-4012*  
*Call Dawn Samano in the AM.*

03-10 - 30049	23,048.00	
03-09 - 20204	6,880.00	
03-09 - 20203	12,724.00	
03-09 - 20202	8,944.00	
	<hr/>	
	\$51,596.00	} = \$67,506.00
03-12 - 21031	15,910.00	
NOT BOOKED	5,676.00	- THRU CO 80
	<hr/>	
	73,182.00	

*14*

Fax sent by : 6144684264

NISOURCE

08-25-05 09:26 Pg: 4/13

## Invoice

Kevin D. Mentzer  
96 Grove St  
Wellesley, MA 02482  
December 23, 2003

RECEIVED

DEC 26 2003

1000 1000 1000

NISource  
C/O Eric Fletcher

### Description of Services:

Provide analysis, design and development services for the CMS project

*Development Project*

### Invoice Period:

Nov 30, 2003 - Dec 31, 2003

Week Of	Number of Hours	Hourly Rate	Total
11/30/03	40	\$86.00	\$3,440.00
12/07/03	10	\$86.00	\$860.00
12/21/03	16	\$86.00	\$1,376.00
Total			\$5,676.00

Terms: Due upon receipt

Kevin D. Mentzer  
Independent Consultant

Account: 223030-3004  
Cost Center: 03851  
Cost Category: 1611

If any problems, please contact  
Polly Horan 304-357-2278.

*1/7/04 - THIS INVOICE  
WILL BE PROCESSED AS  
IS. THEY JUST NEED  
TO GET A TAX ID  
FOR THE VENDOR.*

Approved by: *Eric Fletcher* 12/23/03  
Eric Fletcher, Manager IT

Fax sent by : 6144684264

NISOURCE

08-25-05 09:26 Pg: 3/13



Dawn Samano

01/07/2004 10:55 AM

To: Brad Vangen/NCS/Enterprise@NISource  
cc: Alan Burns/TCO/Enterprise@NISource, Eric  
Fletcher/TCO/Enterprise@NISource;  
Subject: Re: Bay State Gas Meter Inventory Capital Project classification

Brad,

I just spoke with Eric and these charges should be capital charges- the coding should be as follows:

Authorization number	223030-3004
Cost Center	03851
Cost Category	1811

Also, all charges that went through against this project should have been capital charges. Can you check to make sure that no other charges went through O&M? Please call me if you have any questions.....

Thanks,  
Dawn Samano  
Office of the CIO  
NISource  
(219) 647-4012  
(219) 647-4162 (FAX)

1/7/04

THE \$67,506.00 WILL NEED TO BE RECLASSIFIED  
TO 186 DEFERRED AND CONVENIENCE BILLED  
TO BSG.

Fax sent by : 6144684264

NISOURCE

88-25-85 89:28

Pg: 11/13

ACCOUNTS PAYABLE VOUCHER

VOUCHER 03-09-20202

PERIOD 09/03

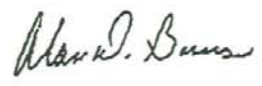
CORP 12

NISOURCE CORPORATE SERVICES  
COMPANY 12

Fax sent by : 6144684264

NISOURCE

08-25-05 09:28 Pg: 12/13

NISOURCE REQUEST FOR CASH VOUCHER									
COMPANY: NiSource Corporate Service								DATE: September 2, 2003	
IN FAVOR OF:									
NAME: Kevin Mentzer									
ADDRESS: 96 Grove Street, Wellesley, MA 02482									
IN PAYMENT OF								TOTAL	
O&M contracting services performed at BSG. Meter Inventory Project (capital.								\$8944.00	
SPECIAL INSTRUCTIONS: Orig date of request 9/2/03. INVOICE#June03 Please contact Polly Horan 304-357-2278 if problems with this invoice.									
REQUESTED BY: <u>Polly Horan</u>				APPROVED BY: <u>Eric Fletcher, Mgr It</u>			APPROVED BY: <u>Alan Burns, Director It</u>		
RECEIVED SEP 04 2003 ACCOUNTS PAYABLE									
Account Classification/Job Order (MUST be completed by department)									
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
12	932		3200	16			7830	\$8944.00	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
878	876	AX					/ /		
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		
								TAX ID	

SEP 08 2003

B SCOTT

Fax sent by : 6144684264

NISOURCE

08-25-05 09:28

Pg: 13/13

## Invoice

Kevin D. Mentzer  
96 Grove St  
Wellesley, MA 02482

August 29, 2003

NISource  
C/O Eric Fletcher

### Description of Services:

Provide analysis, design and development services for the CMS project

### Invoice Period:

June 1, 2003 — June 28, 2003

Week Of	Number of Hours	Hourly Rate	Total
6/08/03	24	\$86.00	\$2,064.00
6/15/03	40	\$86.00	\$3,440.00
6/22/03	40	\$86.00	\$3,440.00
Total			\$8,944.00

Terms: Due upon receipt

Kevin D. Mentzer  
Independent Consultant

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NISOURCE

08-25-05 09:27

Pg: 8/13

ACCOUNTS PAYABLE VOUCHER

VOUCHER : 03-09-20203

PERIOD 09/03

CORP 12

NISOURCE CORPORATE SERVICES  
COMPANY 12

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NISOURCE

08-25-05 09:27 Pg: 9/13

(Spec Ver. 01/28/03)

NISOURCE  
REQUEST FOR CASH VOUCHER

DATE: September 2, 2003

COMPANY: NiSource Corporate Service

IN FAVOR OF

NAME: Kevin Mentzer

ADDRESS: 95 Grove Street, Wellesley, MA 02482

IN PAYMENT OF

TOTAL

O&M contracting services performed at BSG. Meter Inventory Project (capital.

\$12724.00

SPECIAL INSTRUCTIONS: Orig date of request 9/2/03. INVOICE#July03  
Please contact Polly Horan 304-357-2278 if problems with this invoice.

REQUESTED BY: Polly Horan

APPROVED BY: Eric Fletcher, Mar It

APPROVED BY: Alan Burns, Director It

RECEIVED  
SEP 04 2003

ACCOUNTS PAYABLE

*Alan D. Burns*

Account Classification/Job Order (MUST be completed by department)

CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT
12	932		3200	16			7830	\$12724.00
JOB	SUB	CO				AR INV DATE	AR INV \$	ROUTE
878	876	AX				1 /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT
								\$
JOB	SUB	CO				AR INV DATE	AR INV \$	ROUTE
						1 /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT
								\$
JOB	SUB	CO				AR INV DATE	AR INV \$	ROUTE
						1 /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT
								\$
JOB	SUB	CO				AR INV DATE	AR INV \$	ROUTE
						1 /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT
								\$
JOB	SUB	CO				AR INV DATE	AR INV \$	ROUTE
						1 /		-
						1 /	SEP 05 2003	-

B SCOTT

Fax sent by : 6144684264

NISOURCE

08-25-05 09:27 Pg: 18/13

## Invoice

Kevin D. Mentzer  
96 Grove St  
Wellesley, MA 02482

August 29, 2003

NISource  
C/O Eric Fletcher

### Description of Services:

Provide analysis, design and development services for the CMS project

### Invoice Period:

June 29, 2003 - Aug 01, 2003

Week Of	Number of Hours	Hourly Rate	Total
6/29/03	32	\$86.00	\$2,752.00
7/06/03	24	\$86.00	\$2,060.00
7/13/03	40	\$86.00	\$3,440.00
7/20/03	32	\$86.00	\$2,752.00
7/27/03	20	\$86.00	\$1,720.00
Total			\$12,724.00

Terms: Due upon receipt

Kevin D. Mentzer  
Independent Consultant

(B)

Fax sent by : 6144684264

NISOURCE

08-25-05 09:27

Pg: 5/13

ACCOUNTS PAYABLE VOUCHER

VOUCHER 03-09-20204

PERIOD 09/03

CORP 12

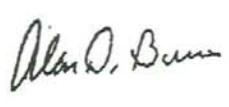
NISOURCE CORPORATE SERVICES  
COMPANY 12

Fax sent by : 6144684264

NISOURCE

08-25-05 09:27

Pg: 6/13

NISOURCE REQUEST FOR CASH VOUCHER									
COMPANY: NISource Corporate Service								DATE: September 2, 2003	
IN FAVOR OF									
NAME: Kevin Mentzer									
ADDRESS: 96 Grove Street, Wellesley, MA 02482									
IN PAYMENT OF								TOTAL	
O&M contracting services performed at BSG. Meter Inventory Project (capital.								\$6880.00	
SPECIAL INSTRUCTIONS: Orig date of request: 9/2/03. INVOICE#Aug03 Please contact Polly Horan 304-357-2278 if problems with this invoice.									
REQUESTED BY: <u>Polly Horan</u>				APPROVED BY: <u>Eric Fletcher, Mgr It</u>			APPROVED BY: <u>Alan Burns, Director It</u>		
RECEIVED SEP 04 2003 ACCOUNTS PAYABLE									
Account Classification/Job Order (MUST be completed by department)									
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
12	932		3200	16			7830	\$6880.00	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
878	876	AX					/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOUNT	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		-

SEP 06 2003

B SCOTT

Fax sent by : 6144684264

NISOURCE

08-25-05 09:27

Pg: 7/13

## Invoice

Kevin D. Mentzer  
96 Grove St  
Wellesley, MA 02482

August 29, 2003

NISource  
C/O Eric Fletcher

### Description of Services:

Provide analysis, design and development services for the CMS project

### Invoice Period:

Aug 02, 2003 - Aug 29, 2003

Week Of	Number of Hours	Hourly Rate	Total
8/17/03	40	\$86.00	\$3,440.00
8/24/03	40	\$86.00	\$3,440.00
Total			\$6,880.00

Terms: Due upon receipt

Kevin D. Mentzer  
Independent Consultant

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NISOURCE

08-25-05 10:26

Pg: 1/7

  
ACCOUNTS PAYABLE VOUCHER

VOUCHER 03-10-30649

PERIOD 10/03

CORP 12

NISOURCE CORPORATE SERVICES  
COMPANY 12

Fax sent by : 6144684264

NISOURCE

88-25-85 18:26

Pg: 2/7

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NISOURCE  
**REQUEST FOR CASH VOUCHER**

DATE: October 23, 2003

COMPANY: NiSource Corporate Service

IN FAVOR OF

NAME: Kevin Mentzer

ADDRESS: 96 Grove Street, Wellesley, MA 02482

**IN PAYMENT OF**

**TOTAL**

O&M contracting services performed at BSG. Meter Inventory Project (capital).  
Sept & Oct 2003.

\$23048.

**SPECIAL INSTRUCTIONS:**

Orig date of request: 10/23/03. INVOICE#091003

Please contact Polly Horan 304-357-2278 if problems with this invoice.

REQUESTED BY: Polly Horan

APPROVED BY: Eric Fletcher, Mgr It

APPROVED BY: Alan Burns, Director It

*Eric Fletcher*

**RECEIVED**

**OCT 27 2003**

**ACCOUNTS PAYABLE**

Account Classification/Job Order (MUST be completed by department)

CO	GEN	AUX	C.E.	PROJ	ACTIV	FACIL	HCC	AMOI	
12	932		3200	16			7830	\$23048.	
JOB	SUB	CO					A/R INV DATE	A/R INV #	ROUTE
878	876	AX					/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTIV	FACIL	HCC	AMOI	
								\$	
JOB	SUB	CO					A/R INV DATE	A/R INV #	ROUTE
							/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTIV	FACIL	HCC	AMOI	
								\$	
JOB	SUB	CO					A/R INV DATE	A/R INV #	ROUTE
							/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTIV	FACIL	HCC	AMOI	
								\$	
JOB	SUB	CO					A/R INV DATE	A/R INV #	ROUTE
							/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTIV	FACIL	HCC	AMOI	
								\$	
JOB	SUB	CO					A/R INV DATE	A/R INV #	ROUTE
							/ /		-

TAX ID

OCT 31 2003

B SCOTT

27

Fax sent by : 6144684264

NISOURCE

08-25-05 10:27 Pg: 3/7

## Invoice

Kevin D. Mentzer  
96 Grove St  
Wellesley, MA 02482

October 23, 2003

NISource  
C/O Eric Fletcher

### Description of Services:

Provide analysis, design and development services for the CMS project

### Invoice Period:

Sept 1, 2003 - Oct 25, 2003

Week Of	Number of Hours	Hourly Rate	Total
9/01/03	32	\$86.00	\$2,752.00
9/07/03	40	\$86.00	\$3,440.00
9/14/03	32	\$86.00	\$2,752.00
9/21/03	40	\$86.00	\$3,440.00
9/28/03	32	\$86.00	\$2,752.00
10/05/03	32	\$86.00	\$2,752.00
10/12/03	20	\$86.00	\$1,720.00
10/19/03	40	\$86.00	\$3,440.00
Total			\$23,048.00

Terms: Due upon receipt

Kevin D. Mentzer  
Independent Consultant

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NISOURCE

08-25-05 10:27

Pg: 4/7

ACCOUNTS PAYABLE VOUCHER

VOUCHER 03-12-21031

PERIOD 12/03

CORP 12

NISOURCE CORPORATE SERVICES  
COMPANY 12

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NISOURCE

08-25-05 10:27 Pg: 5/7

(Rev. Ver. 01/28/02)

NISOURCE  
**REQUEST FOR CASH VOUCHER**

DATE: December 15, 2003

COMPANY: NiSource Corporate Service

IN FAVOR OF

NAME: Kevin Mentzer

ADDRESS: 96 Grove Street, Wellesley, MA 02482

**IN PAYMENT OF**

**TOTAL**

O&M contracting services performed at BSG. Meter Inventory Project (capital).  
Oct 16-Nov29, 2003.

\$15910.0

**SPECIAL INSTRUCTIONS:**

Orig date of request: 12/15/03. INVOICE#121503

Please contact Polly Horan 304-357-2278 if problems with this invoice.

REQUESTED BY: Polly Horan

APPROVED BY: Eric Fletcher, Mgr It

APPROVED BY: Alan Burns, Director It

*Polly Horan*

*Eric Fletcher*

**RECEIVED**

DEC 18 2003

ACCOUNTS  
PAYABLE

**Account Classification/Job Order (MUST be completed by department)**

CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOL	
12	932		3200	16			7830	\$15910.0	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
878	876	AX					/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOL	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOL	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOL	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		-
CO	GEN	AUX	C.E.	PROJ	ACTV	FACIL	HCC	AMOL	
								\$	
JOB	SUB	CO					AR INV DATE	AR INV #	ROUTE
							/ /		-

TAX ID

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DEC 22 2003

R SCOTT

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Fax sent by : 6144684264

NISOURCE

08-25-05 18:27

Pg: 6/7

## Invoice

Kevin D. Mentzer  
98 Grove St  
Wellesley, MA 02482

December 5, 2003

NiSource  
C/O Eric Fletcher

### Description of Services:

Provide analysis, design and development services for the CMS project

### Invoice Period:

Oct 26, 2003 ~ Nov 29, 2003

Week Of	Number of Hours	Hourly Rate	Total
10/26/03	45	\$86.00	\$3,440.00
11/02/03	45	\$86.00	\$3,870.00
11/09/03	40	\$86.00	\$3,440.00
11/16/03	40	\$86.00	\$3,440.00
11/23/03	20	\$86.00	\$1,720.00
Total			\$15,910.00

Terms: Due upon receipt

Kevin D. Mentzer  
Independent Consultant

**ATTACHMENT RR-DTE-134**

**Work Papers for  
Authorization / GL 510700-0000  
Asset # 61632**

**List No. 14**

Bay State Gas Company  
D.T.E. 05-27  
Attachment RR-DTE 134  
Page 33 of 36

Pd	Tran	Date	SC	Activity	Reference	Sy	Jrnl	Ent	Transaction Desc	Debit	Credit	Balance
-----												
Acct Unit 03BS					BALANCE SHEET				01-03-001		Begin Balance	216,440.5
01	02/05/04	90	034103		GL N	2503	Clear	BSG acct 51844		67,503.52		
03	04/05/04	90	034103		GL N	2503	Clear	BSG acct 51844		74,914.81		
04	04/26/04	88	030006		GL N	1900	Asset	61627 Am170-2			4,037.37	
04	04/26/04	88	030006		GL N	1900	Asset	61631 Am170-2			92,377.05	
04	05/05/04	90	034103		GL N	2503	Clear	BSG acct 51844		61,938.70		
04	04/28/04	AA	0006	AM20	AM N	2	ADDITION				23,713.03	
04	04/28/04	AA	0006	AM20	AM N	2	ADDITION				52,923.93	
04	04/28/04	AA	0006	AM20	AM N	2	ADDITION				3,102.56	
04	04/28/04	AA	0006	AM20	AM N	2	ADDITION				8,284.50	
04	04/28/04	AA	0006	AM20	AM N	2	ADDITION				67,506.00	
04	04/28/04	AA	0006	AM20	AM N	2	ADDITION				30,541.00	
04	04/28/04	AA	0006	AM20	AM N	2	ADDITION				66,306.41	
04	04/28/04	AA	0006	AM20	AM N	2	ADDITION				5,767.00	
04	04/28/04	AA	0006	AM20	AM N	2	ADDITION				4,300.04	
08	09/03/04	90	034103		GL N	2503	Clear	BSG acct 51844		5,484.73		
09	10/05/04	90	034103		GL N	2503	Clear	BSG acct 51844		5,484.73		
10	10/25/04	JE	034103		GL N	1108	Correct	BSG ConvBill			5,484.73	
11	12/03/04	90	034103		GL N	2502	Clear	BSG acct 51844		9,967.70		
11	11/29/04	AA	0006	AM20	AM N	3	ADDITION				23,810.13	
11	11/29/04	AA	0006	AM20	AM N	3	ADDITION				12,075.84	
11	11/29/04	AA	0006	AM20	AM N	3	ADDITION				13,976.90	
11	11/29/04	AA	0006	AM20	AM N	3	ADDITION				5,484.73	
12	12/21/04	88	030006		GL N	1900	Asset	65705 to prope			12,075.84	
12	12/22/04	AA	0006	AM20	AM N	1	ADDITION				9,967.70	
12	01/05/05	JE	034103		GL N	2503	Capital	AllocConvBill		125,431.08		
Total Activity Account										350,725.27	441,734.76	91,009.4
03BS					BALANCE SHEET						End Balance	125,431.0
-----												
Acct Unit 05BS					BALANCE SHEET				02-05-001		Begin Balance	11,034.5
04	04/26/04	88	030006		GL N	1900	Asset	61637 Am170-2			11,034.50	
04	05/05/04	JE	034103		GL N	2504	Clear	NU acct 518442		1,527.65		
11	11/29/04	AA	0006	AM20	AM N	3	ADDITION				1,527.65	
12	01/06/05	GL	034103		GL N	2471	Correct	Conv bill cl		12,600.38		
Total Activity Account										14,128.03	12,562.15	1,565.1
05BS					BALANCE SHEET						End Balance	12,600.3
-----												
Acct Unit 06BS					BALANCE SHEET							

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NISOURCE

88-84-85 88:44

Pg: 4/15

**Exhibit A**  
**Detailed Equipment List**

All equipment will be eligible for original manufacturer's maintenance agreement and includes a one-year Advance Replacement warranty from Voice & Data Networks, Inc. NCS is responsible for all freight and installation expenses as set forth below. The pricing does not include any applicable sales tax.

**Equipment and Option Costs**  
**Needed Additional Equipment**

Qty	Description	NPL	NISource Price	Installation
2	WIRING BACKBOARD 188B1	\$ 20.00	\$ 14.00	\$ -
1	SWRM SNEAK FUSE	\$ 386.00	\$ 270.00	\$ -
3	REFURBISHED 8 PORT CO LINE CARDS	\$ 4,800.00	\$ 600.00	\$ -
3	SWRM 110AC ADMIN	\$ 1,083.00	\$ 758.00	\$ -
1	SWRM AUX FIELD	\$ 361.00	\$ 253.00	\$ -
2	REFURBISHED 24 PORT ANALOG CARD	\$ 6,570.00	\$ 2,790.00	\$ -
2	DEF WIRE 1 PR 24 GAUGE SPOOL 1000	\$ 42.00	\$ 29.00	\$ -
120	REFURBISHED 6416DM+ SETS	\$ 66,600.00	\$ 35,400.00	\$ -
1	DEF PORT CARR SML/MEDIUM	\$ 5,150.00	\$ 3,605.00	\$ -
1	REFURBISHED TN767E DS1 CARD	\$ 2,200.00	\$ 795.00	\$ -
1	CP C-LAN INTF TN799	\$ 1,250.00	\$ 875.00	\$ -
1	SPORTSTER MDM 33.6 KBPS EXTL	\$ 220.00	\$ 200.00	\$ -
7 *	REFURBISHED 24 PORT DIGITAL CARDS	\$ 23,170.00	\$ 9,765.00	\$ -
20	CABLE ASSY DT B25A	\$ 360.00	\$ 252.00	\$ -
1	INTGR MGMT SUITE STANDARD 1.3	\$ 200.00	\$ -	\$ -
	Shipping	\$ -	\$ -	\$ -
	Subtotal	\$ 112,412.00	\$ 65,606.00	\$ -

Total: \$ 55,606.00

**Upgrade to Communication Manager 1.3**

1	DEF UPG G3I/SI TO R9SI MCC	\$ 5,300.00	\$ 3,710.00	\$ -
1	DEF UPG DUP CP R9	\$ 5,400.00	\$ 3,780.00	\$ -
1	R8&PRIOR TO CM DEFsi UPG SFTW LIC	\$ 10,500.00	\$ 7,350.00	\$ -
1	DCCS REL 11.0	\$ 100.00	\$ -	\$ -
1	MULTIVANTAGE DOC	\$ 100.00	\$ -	\$ -
1	VAL CP TN2501	\$ 5,600.00	\$ 3,850.00	\$ -
1	VAL MAX CAPACITY SFTW LIC	\$ 6,000.00	\$ 4,200.00	\$ -
300	AVAYA CC ELITE MULTI RLS UPG 251-500 AGT	\$ 17,400.00	\$ 12,180.00	\$ -
	Installation	\$ -	\$ -	\$ -
	Shipping	\$ -	\$ -	\$ 100.00
	Subtotal	\$ 50,300.00	\$ 36,070.00	\$ 100.00

Total: \$ 35,170.00

**CTI Integration with Genesis**

1	AVAYA MAPD DEFINITY LAN SFTW LIC	\$ 1,500.00	\$ 1,050.00	\$ -
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1 of 2

\_\_\_\_ Seller \_\_\_\_ NCS

Agreement No. \_\_\_\_\_

Fax sent by : 6144684264

NISOURCE

08-04-05 08:44 Pg: 5/15

1	CALLVISOR MAPD PLTFRM	\$ 6,180.00	\$ 4,326.00	\$ -
1	AVAYA ASAI PLUS SFTW LIC G3si (release 4+)	\$ 11,000.00	\$ 7,700.00	\$ -
1	AVAYA ASAI CORE SFTW LIC G3si (release 4+)	\$ 11,000.00	\$ 7,700.00	\$ -
	Shipping	\$ -	\$ -	\$ 25.00
	Subtotal	\$ 29,680.00	\$ 20,776.00	\$ 25.00

Total: \$ 20,801.00

Grand Total: \$ 111,577.00

~~TOTAL CHARGES TO NCS~~ (B)

TOTAL ITEMS TO BSG

(A) \$30,541.00

CHARGES TO BSG

$$\% \text{ TO BSG} = \frac{\$30,541}{111,577} = 27.3\%$$

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Danny G. Cote, General Manager

RR-DTE-141: Provide the same incremental cost analysis as was performed in Record Request DTE-105 for the North Elm Street, West Bridgewater project to include List No.7.

Response: This project describes the replacement of 1,240 feet of 3" bare steel main with 1,249 feet of 6" polyethelene pipe. The purposes for the project included the replacement of the 3" bare steel pipe, which was in poor condition, and to provide additional capacity to the area. The standard like-for-like replacement for 3" bare steel would be to replace with 4" coated steel (3" pipe is no longer an industry standard).

Using the cost and sizing analysis chart provided in RR-DTE-105, the incremental cost difference for the various segments is as follows: 4" coated steel (to replace the 3") vs. the 6" polyethelene that was actually used is (minus) -\$4.68 per foot or -\$5,803 for this project, based on a total footage of 1,240'. Therefore, the total incremental cost difference in this project compared to like-for-like replacement (substituting 4" coated steel for 3" bare steel) is a saving of \$5,803.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Joseph Ferro, Manager Regulatory Policy  
James Harrison, Consultant (Class Cost of Service)  
John E. Skirtich, Consultant (Revenue Requirements)

RR-DTE-142: Complete the form issued by the Department and reference the totals from each schedule used in the response.

Response: Please see Attachment RR-DTE-142. Please note that the revenue items, lines 13, 14 and 15, reference Attachment RR-DTE-143.

Ln. No.	Description	Total Company		Distribution Service		Gas Service		Bay Stae Gas Company Attachment RR-DTE-142	
		(1) \$	Reference (2)	(3) \$	Reference (4)	(5) \$	Reference (6)		
1	Cost of Gas	307,478,651	Sch. JES-5, Line 1, Col. 3	0	EXH BSG/JLH-2 Sch JLH-2-1,Page 5	307,478,651	EXH BSG/JLH-2 Sch JLH-2-1,Page 5		
2	O&M Expense	99,528,001	Sch. JES-1, Line 4, Col. 5	86,295,456	EXH BSG/JLH-2 Sch JLH-2-1,Page 5	13,232,547	EXH BSG/JLH-2 Sch JLH-2-1,Page 5		
3	Depreciation	28,800,958	Sch. JES-1, Line 5, Col. 5	28,159,855	EXH BSG/JLH-2 Sch JLH-2-1,Page 5	641,102	EXH BSG/JLH-2 Sch JLH-2-1,Page 5		
4	Amortization	6,552,895	Sch. JES-1, Line 6, Col. 5	6,403,782	EXH BSG/JLH-2 Sch JLH-2-1,Page 5	149,113	EXH BSG/JLH-2 Sch JLH-2-1,Page 5		
5	Taxes Other Than Income	10,067,165	Sch. JES-1, Line 7, Col. 5	9,775,482	EXH BSG/JLH-2 Sch JLH-2-1,Page 5	291,685	EXH BSG/JLH-2 Sch JLH-2-1,Page 5		
6	Income Taxes	15,709,253	Sch. JES-11, Line 12, Col. 5	15,279,643	Line 23 Below	429,609	Line 23 Below		
7	Interest On Customer Deposits	72,506	Sch. JES-10, Line 3, Col. 1	72,506	EXH BSG/JLH-2 Sch JLH-2-1,Page 5	0	EXH BSG/JLH-2 Sch JLH-2-1,Page 5		
8	Amorization of ITC	-		0		0			
9	Rate Base	397,106,628	Sch. JES-13, Page 1,Line 19, Col. 3	386,255,320	EXH BSG/JLH-2 Sch JLH-2-1,Page 5	10,851,309	EXH BSG/JLH-2 Sch JLH-2-1,Page 5		
10	Rate of Return	9.05%	Sch. JES-12, Line 3, Col. 3						
11	Return On Rate Base	35,938,150	Sch. JES-2, Line 4, Col. 1	34,956,106	EXH BSG/JLH-2 Sch JLH-2-1,Page 5	982,043	EXH BSG/JLH-2 Sch JLH-2-1,Page 5		
12	Total Cost of Service	504,147,579	Sch. JES-5, Line 12, Col. 3	180,942,830	Line 1 to 8 plus Line 11	323,204,750	Line 1 to 8 plus Line 11		
13	Operating Revenue - Per Books	510,457,335	Sch.JES-4, Line 20, Col. 1	\$166,710,611	Attachment RR-DTE-143, Sh.1, Col. 2, Ln. 33	\$343,746,724	Attachment RR-DTE-143, Sh.1, Col. 3, Ln. 33		
14	Revenue Adjustments	(28,548,082)	Sch.JES-4, Line 20, Col. 2	\$ (9,444,203)	Attachment RR-DTE-143, Sh.2, Col. 2, Ln. 33	\$ (19,103,879)	Attachment RR-DTE-143, Sh.2, Col. 3, Ln. 33		
15	Total Operating Revenues (Ln 13 less Ln 14)	481,909,253	Sch.JES-4, Line 20, Col. 3	\$157,266,408	Attachment RR-DTE-143, Sh.3, Col. 2, Ln. 33	\$324,642,845	Attachment RR-DTE-143, Sh.3, Col. 3, Ln. 33		
16	Revenue Deficiency (Ln 15 less Ln 12)	22,238,326	Sch. JES-2, Line 8, Col. 1	\$23,676,423		(1,438,095)			
<b>Calculation of Income Taxes</b>									
16	Claimed Return Above			\$ 34,956,106	Line 11	\$ 982,043	Line 11		
17	Less: Return at Present Rates			21,983,036	EXH BSG/JLH-2 Sch JLH-2-2,Page 1-1	694,266	EXH BSG/JLH-2 Sch JLH-2-3,Page 1-1		
18	Increase in Return			12,973,070		287,777			
19	Divided by 1 - Incremental Tax Rate			0.6078	EXH BSG/JLH-2 Sch JLH-2-2,Page 18-1	0.6078	EXH BSG/JLH-2 Sch JLH-2-3,Page 18-1		
20	X Incremental Tax Rate			0.3923	EXH BSG/JLH-2 Sch JLH-2-2,Page 18-1	0.3923	EXH BSG/JLH-2 Sch JLH-2-3,Page 18-1		
21	Equals Increase in Taxes			8,372,993		185,735			
22	Income Taxes at Present Rates			6,906,650	EXH BSG/JLH-2 Sch JLH-2-2,Page 18-1	243,874	EXH BSG/JLH-2 Sch JLH-2-3,Page 18-1		
23	Income Taxes at Claimed Return			15,279,643		429,609			
<b>Revenue Deficiency</b>									
24	Revenue Deficiency Line 16	22,238,326	Line 16	23,676,423	Line 16	(1,438,095)	Line 16		
25	Less: Special Contract Increase	\$418,748	Total Company COS in Workpapers Exh BSG/JLH-2, Page 234, Line 3	\$418,748	Total Company COS in Workpapers Exh BSG/JLH-2, Page 234, Line 3	\$0			
26	Revenue Deficiency per COS	\$21,819,578		\$23,257,675		(1,438,095)			

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Joseph Ferro, Manager Regulatory Policy  
John E. Skirtich, Consultant (Revenue Requirements)

RR-DTE-143: Referencing Schedule JES-4, provide a more detailed reference column as to what line items are being summed into Page 9 of Schedule 16. In addition, provide more detailed references – line items, column numbers, etc. to include:

Column 1	Per Books
Column 2	Adjustments

Break those into per-books distribution and per-books gas, and then adjustments distribution, adjustments gas.

Response: Please see Attachment RR-DTE-143. As noted in Attachment RR-DTE-143, not all the components are separately identified in the general rate case filing. In determining the revenue deficiency, this information was not necessary in preparing the cost of service and supporting schedules.

**Bay State Gas Company**  
**Operating Revenue Summary**  
**Test Year Ended December 31, 2004**

Schedule JES - 4  
Page 3 of 3

Line No.	Description	ANNUALIZED REVENUE AT CURRENT RATES			Reference
		Annualized Revenue	Distribution Service	Gas Service	
		(1)	(2)	(3)	
		\$	\$	\$	
1	Residential Sales Revenue	93,910,257	93,910,257	0	Page 1, Col. 3 minus Page 2, Col. 3
2	GAF	230,262,907		230,262,907	Page 1, Col. 3 minus Page 2, Col. 3
3	DAF	3,537,586	3,537,586	0	Page 1, Col. 3 minus Page 2, Col. 3
4	Unbilled Gas Cost	(0)	0	(0)	Page 1, Col. 3 minus Page 2, Col. 3
5	Total Residential Sales Revenue	327,710,750	97,447,843	230,262,907	
6	Comm/Industrial Sales Revenue	26,336,097	26,336,097	0	Page 1, Col. 3 minus Page 2, Col. 3
7	GAF	96,345,355	0	96,345,355	Page 1, Col. 3 minus Page 2, Col. 3
8	DAF	1,524,021	1,524,021	0	Page 1, Col. 3 minus Page 2, Col. 3
9	Unbilled Gas Cost	0	0	0	Page 1, Col. 3 minus Page 2, Col. 3
10	Total Comm/Industrial Sales Revenue	124,205,473	27,860,118	96,345,355	
11	Interruptible Sales Revenue	0	0	0	Page 1, Col. 3 minus Page 2, Col. 3
12	TOTAL TARIFF REVENUES	451,916,223	125,307,961	326,608,262	Page 1, Col. 3 minus Page 2, Col. 3
13	Residential Transportation of Gas	24,043	24,043	0	Page 1, Col. 3 minus Page 2, Col. 3
14	DAF	1,152	1,152	0	Page 1, Col. 3 minus Page 2, Col. 3
15	Total Residential Transportation of Gas	25,195	25,195	0	
16	Comm/Industrial Transportation of Gas	21,076,740	21,076,740	0	Page 1, Col. 3 minus Page 2, Col. 3
17	DAF	1,900,103	1,900,103	0	Page 1, Col. 3 minus Page 2, Col. 3
18	Unbilled Gas Cost	0	0	0	Page 1, Col. 3 minus Page 2, Col. 3
19	Total Comm/Industrial Transportation of Gas	22,976,843	22,976,843	0	
20	Off System Sales	0	0	0	Page 1, Col. 3 minus Page 2, Col. 3
21	Gas Property Revenue	1,513,333	1,066,642	446,691	Page 1, Col. 3 minus Page 2, Col. 3
22	Rental Revenue	6,824,456	6,824,456	0	Page 1, Col. 3 minus Page 2, Col. 3
23	Guardian Care/Inspections	7,690,936	7,690,936	0	Page 1, Col. 3 minus Page 2, Col. 3
24	Lost Net Revenue	(10)	(10)	0	Page 1, Col. 3 minus Page 2, Col. 3
25	Late Payment Charges	685,241	215,536	469,705	Page 1, Col. 3 minus Page 2, Col. 3
26	Return Check Charge	27,736	27,736	0	Page 1, Col. 3 minus Page 2, Col. 3
27	Carrying Costs-Pre tax of Rate of Return	1	0	1	Page 1, Col. 3 minus Page 2, Col. 3
28	Prod & Storage Revenues	9,129,632	0	9,129,632	Page 1, Col. 3 minus Page 2, Col. 3
29	Customer R&C Shut-off Turn-off	93,975	93,975	0	Page 1, Col. 3 minus Page 2, Col. 3
30	TOTAL OTHER OPER. REVENUES	48,967,338	38,921,309	10,046,029	
31	Elimination of Indirect GAF and DAF	(26,092,473)	(6,962,862)	(19,129,611)	Page 1, Col. 3 minus Page 2, Col. 3
32	Add back Bad Debt Exp. Included in Indirect Gas Cost	7,118,165	0	7,118,165	Page 1, Col. 3 minus Page 2, Col. 3
33	TOTAL REVENUE	<u>481,909,253</u>	<u>157,266,408</u>	<u>324,642,845</u>	
34	Per JAF-1-1, Sheet 2, Line 19		6,962,862	326,608,262	Also, Line 12 above
35	Elimination of Indirect GAF and DAF		<u>(6,962,862)</u>	<u>(19,129,611)</u>	
36	Direct Gas Costs		0	307,478,651	Also, JAF-1-1, Sheet 2
37	<b><u>Reconciliation to RR-DTE-166</u></b>				
38	<b>Delivery Service</b>				
39	Total Delivery Revenues - Ln 33		157,266,408	= \$167,312,437 (JAF-1-1, Sheet 2, L.24) - \$446,691 (L.20) - \$469,705 (L.25) - \$9,129,632 (L.28)	
40	Special Contract Revenue		(3,502,265)		
41	Other Operating Revenue - Lines 20 to 29		<u>(15,919,271)</u>		
42	Delivery Service Revenues (Lines 39 through 41)		137,844,872		
43	<b>Gas Service</b>				
44	Direct Cost of Gas - Ln 36		307,478,651	Exh BSG-JAF-1, Sch JAF-1-1, Sh 2 of 2, Col 2, Line 24	
45	Production Costs from CGA - Ln 28		9,129,632	Exh BSG-JAF-1, Sch JAF-1-1, Sh 2 of 2, Line 16	
46	Bad Debt Expense from CGA - Ln 32		7,118,165	Exh BSG-JAF-1, Sch JAF-1-1, Sh 2 of 2, Line 22	
47	Deferred Gas - Not billed in test year		<u>17,079,967</u>	Exh BSG-JLH-2, SchJLH-2-1, Page 5 of 5, Line 1 & Workpaper JLH-2, Page 287, Line 9	
48	CGA Revenues (see RR-DTE-166) (Lines 44 through 47)		340,806,415		

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)  
Danny G. Cote, General Manager

RR-DTE-145: Please reconcile the difference between the \$6.2 million total cost for mains, services and other additions in 2004, as found in company response to DTE-3-33 and in Schedule JES-17, page 3 of 12, and the \$8 million total cost for the SIR investment program in 2004, as stated by Mr. Skirtich and Mr. Bryant.

Response: On Page 44, Line 3 of Exh. BSG/SHB-1, Mr. Bryant stated that in 2004, Bay State committed \$8 million in incremental replacement costs, however, Bay State was not able to fully realize this level of authorized "incremental" spending on its unprotected steel infrastructure.

Bay State's capital budgeting process for 2004 began in the summer of 2003. In the fall of 2003, Bay State initially received approval to spend \$9.9 million in total direct replacement dollars. This replacement-related budget consisted of a mix of different projects, including an estimated \$4 million for Bay State's unprotected steel infrastructure (referred to herein as the "initially authorized" level of spending). By early 2004, Bay State recognized that this level of expenditures to replace its unprotected steel infrastructure, which was close to its most recent four year historical average of bare steel replacement expenditures, would not be sufficient to address the need to replace its leaking facilities at an accelerated level. Therefore, during 2004 the Company continued to seek additional funding to address this important need. By late summer 2004, the Company received approval to spend the incremental amount of \$8 million that Mr. Bryant referenced in his testimony.

The 2004 level of unprotected steel infrastructure replacement shown on Table DTE-3-33 (i.e., \$6,219,216) is the total amount of direct replacement dollars spent, including both the "originally authorized" and the "incremental" amounts.<sup>1</sup> As explained by the Company in its response to DTE-3-33, Bay State cannot distinguish between the "initially authorized" and "incremental" SIR program expenditures. Therefore, for cost recovery purposes, the Company proposed the four-year average of historical unprotected steel infrastructure replacement costs (2000-2003) as a base level for setting eligible, recoverable additions for the SIR Base Rate Adjustment. All "incremental" expenditures above this level would be captured through the Company's

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<sup>1</sup> The total amount of dollars spent by Bay State during 2004 on unprotected steel replacement projects, including both the "originally authorized" and the "incremental" direct cost and all indirect costs, was \$8.8 million.

proposed Annual Base Rate Adjustment Mechanism.<sup>2</sup> Please refer to Exhibit BSG/JES-1, page 67, Lines 5-17 for additional discussion of this issue.

In sum, although the Company ultimately received in 2004 approval to spend a total of approximately \$12 million, including both direct and indirect costs, to replace its unprotected steel infrastructure, Bay State was only able to spend \$8.8 million. The Company was not able to spend the total authorized level of SIR dollars during 2004, because by the time Bay State received authorization to expend the "incremental" \$8 million, and had the necessary operational infrastructure in place to prudently and effectively manage these funds, there was not sufficient time to schedule contractors, who were already committed to other jobs, before the end of the construction season.

Regarding the Company's 2005 SIR program budgeted versus actual expenditures, Bay State is authorized to spend \$22.7 million to replace unprotected steel, and as of July 2005 has already spent \$8.1 million. Further, the Company is on track to spend the remaining authorized level by November 2005. See Attachment RR-DTE-145 for a summary of the 2005 MA Steel Infrastructure Replacement ("SIR") program costs for all of the Company's Lawrence, Springfield, and Brockton divisions combined.

The costs reflected on the Attachment RR-DTE-145 are associated with all facilities determined to be recoverable as part of the Company's proposed SIR program (i.e., "Eligible Facilities"), including Mains, Services, Meter Installations and Other Eligible Facilities as originally shown on Schedule JES-17 of Exh. BSG/JES-1.

Regarding Column (1) (i.e., Eligible Additions – Direct) of Attachment RR-DTE-145, the Company has included all eligible direct costs incurred for each project.

Regarding Column (2) (i.e., Overheads) on Attachment RR-DTE-145, the Company estimates at this time that, consistent with Mr. Skirtich's method set forth on Page 4 of Schedule JES-17 of Exh. BSG/JES-1, the Company has used an overhead rate of 34% to be applied to all direct SIR program expenditures. This figure is derived based on the percentage of overheads currently assigned to all projects that have been closed to plant during 2005.

Further, the costs reflected on Attachment RR-DTE-145 have been organized into four distinct categories: (1) projects that have been completed and closed to plant ("Closed To Plant"), (2) projects that have incurred costs, are still open or are recently completed, but no costs have yet been closed to plant ("Open or Recently Completed"), (3) projects that have been authorized and planned for construction in 2005, but that have not yet received a work order or incurred any costs to date ("Authorized and Planned"), and (4) total costs ("Grand Total").

The Company notes that all SIR program projects being undertaken in each of Bay State's respective divisions are approved and scheduled. However, given the nature of the construction season, where much of the program expenditures are incurred during

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<sup>2</sup> Given the unique expenditure levels experienced in 2004, and the fact that the Company cannot separate the SIR program activity from all other bare steel replacement activity, Bay State believes that the most reasonable period to use to determine the base level of SIR-related expenditures is 2000 through 2003.

the second half of the year, the majority of costs fall into category (3) (i.e., the projects have not had work orders issued yet, so no invoices have been generated).

**Bay State Gas Company  
2005 SIR Program Expenditures  
SUMMARY  
(As of July 2005)**

	(1) Total <u>Direct</u>	(2) Total <u>Overheads 1/</u>	(3) <u>Total</u>
<b>(1) Closed to Plant YTD 7/05</b>	\$ 1,344,745	\$ 453,930	\$ 1,798,675
<b>(2) Open or Recently Completed YTD 7/05</b>	\$ 4,770,601	\$ 1,622,004	\$ 6,392,605
<b>(3) Authorized and Planned</b>	\$ 10,841,290	\$ 3,689,322	\$ 14,530,612
<b>(4) GRAND TOTAL</b>	\$ 16,956,636	\$ 5,765,256	\$ 22,721,892

NOTES:

1/ Overheads amounts for (2) Open or Recently Completed and (3) Authorized and Planned projects estimated at the (1) Closed To Plant 7/05 Year to Date actual rate of 34%.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Danny G. Cote, General Manager

RR-DTE-156: Please provide any information related to problems noted by the DTE regarding backfill or depth for the past 15 years.

Response: Bay State reviewed its file of NOPV'S and Warning Letters from 1988 to present. There is no record of either an NOPV or Warning letter regarding backfill material.

Table RR-DTE-156 below is a list of the 5 locations in the last 12 years where NOPV'S or Warning letters were issued relating to the depth of the facilities.

**Table RR-DTE-156**

NOPV	Date	Subject
Warning Letter05-PLW-03	May 16, 2005	Depth of Cover Service at 297 Village Street, Millis
02-PL-10	June 18, 2002	Depth of Cover Service at 46 Russett Lane, Andover
02-PL-21	December 9, 2002	Depth of Cover Service at 1701 Osgood St., N. Andover
95-PL-03	June 21, 1995	Depth of Cover Service at Pilgrim Road, Mansfield
93-PL-01	Unknown	Depth of Cover - Main Monson/Palmer 16" Line

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: James L. Harrison, Consultant (Cost Studies) and  
Joseph A. Ferro, Manager Regulatory Policy

RR-DTE-166: Provide a calculation of revenue deficiency similar to Attachment RR-AG-65-2 using the following criteria to represent revenues from and costs to serve special-contract customers:

- a) Debit the revenue requirement by those revenues received from special-contract customers, as opposed to crediting those revenues, as happens on Lines 19 and 20 of Attachment RR-AG-65-2.
- b) Do not include cost-of-service revenues from special-contract customers in the analysis, as was included on Lines 13 through 15 of Attachment RR-AG-65-2.
- c) Indicate if the value on Line 18 includes the costs to serve special contracts, and, if so, why are special contracts included, as shown on Lines 19 and 20.
- d) Provide detailed references and cites to the original cost-of-service study, any original exhibits. Do not cite to another information request that cites to another information request that cites to a supplement. Provide direct cites to the actual calculation of the value being listed on the line.

Response:

- a) The requested calculation is shown on the Attachment RR-DTE-166. Line 12 shows the revenue requirements for delivery service, after deducting special contract revenues as directed in part a) of this question.
- b) Lines 1 through 4 show revenues from firm customers exclusive of special contract customers as directed in part b) of this question. Also, see Attachment RR-DTE-143, page 3, lines 39 through 42, for a reconciliation of delivery service revenues that illustrates the deduction of \$3,502,265 of test year special contract revenues from delivery service revenue.
- c) Line 18 of Attachment RR-AG-65-2 excluded special contract revenue requirements. Line 12 of Attachment RR-DTE-166 is also computed by crediting special contract revenues.
- d) In accordance with this question's directive in part d) all cites shown on Attachment RR-DTE-166 refer to the Company's original filing. Unlike the attachment to the Company's response to RR-AG-65-2, this attachment does not include the correction to special contract revenues of \$404,852 identified in the Company's response to AG-9-2. This correction is appropriate and should be made as part of any compliance filings in this docket.

The Company's class cost of service studies treat Special Contract revenues similar to Other Operating Revenues, as a credit to revenue requirements. The cost studies do not treat special contract customers as a separate class nor as part of any existing rate classes. The studies intentionally do not establish the costs to serve special contract loads. Instead, the cost studies assign all revenue requirements to firm sales customers excluding the special contract loads and then reduce revenue requirements by the revenues produced by the contracts. Since the special contracts were generally established at levels below fully allocated costs to serve but above long run marginal costs, the Department approved these contracts on the firm knowledge that these incremental revenues would benefit firm rate payers. In point of fact, the filing shows that special contract customers' current revenues of \$3.5 million are applied as a reduction to delivery revenue requirements and that the special contract customers will absorb an additional \$418,748 of the Company's demonstrated revenue deficiency, further reducing the revenue requirements paid by other firm sales and transportation customers.

For another illustration of the special contract revenue benefit or credit to firm tariff customers' rates, Schedule JAF-2-1, which calculated the proposed base rates, presents on page 8 of 16 the following:

<b>Revenue Requirement</b>	<b>\$\$ Amount</b>	<b>Sch. JAF-2-1, p.8</b>
Total Delivery Service	\$165,023,551	Line 207
Less: Other Fees	\$46,525	Line 208
Less: Spec. Contract Rev	\$3,921,013	Line 209
Less: Incremental LDAC (pension)	<u>\$5,630,282</u>	Line 211
Tariff Base Rev. Requirement	\$155,425,730	Line 213

Note that the Delivery Service revenue requirement shown on line 12 of Attachment RR-DTE-166 of \$161,102,537 equals the Total Delivery Service Revenue Requirement of \$165,023,551 less Special Contract revenue of \$3,921,013 shown in the above table.

**TOTAL PRESENT REVENUES - Excluding Special contract Revenue**

**Delivery Service**

1	Annual Base Revenues - Sales Actual	122,553,551	- Exh BSG/JAF-1, Sch JAF-1-1, Sheet 2 of 2, Line 5, Col 1 Less Line 3 Below.
2	Annual Base Rev - Trans Actual	17,846,899	- Exh BSG/JAF-1, Sch JAF-1-1, Sheet 2 of 2, Line 6 & 7, Col 1 Less Line 4, 13 & 14 Below.
3	Weather Normalztn Adj Base Rev-Sales	(2,307,187)	- Exh BSG/JAF-1, Sch JAF-1-1, Sheet 1 of 2, Line 5, Col 5
4	Weather Normalztn Adj Base Rev-Trans	(248,396)	- Exh BSG/JAF-1, Sch JAF-1-1, Sheet 1 of 2, Line 18, Col 5
5	Total Delivery Service Revenues	137,844,867	
<b><u>CGA Revenues</u></b>			
6	Production & Storage Revenues	9,129,632	- Exh BSG/JAF-1, Sch JAF-1-1, Sheet 2 of 2, Line 16
7	GAF Indirect Bad Debt Revenues	7,118,165	- Exh BSG/JAF-1, Sch JAF-1-1, Sheet 2 of 2, Line 22
8	GAF Direct Revenues	307,478,651	- Exh BSG/JAF-1, Sch JAF-1-1, Sheet 2 of 2, Line 5
9	GAF Deferred Direct Gas Revenues	17,079,967	- Exh BSG/JLH-2, Sch JLH-2-1, Page 5 of 5, Line 1 & Workpapers JLH-2, Page 287, Line 9.
10	Total CGA Revenues	340,806,415	
11	Total Present Revenues - Line 5 & 10	478,651,282	- WORKPAPERS BSG/JLH-2, Page 234, Line 1

**DELIVERY SERVICE**

12	Delivery Service Rev Req Reduced by Special Contract Revs	161,102,537	- Exh BSG/JLH-2, Sch JLH-2-2, Page 45 of 92, Line 10.
13	Less: Delivery Present Revenues	137,844,867	Line 5 Above
14	Increase Delivery Service - Line 12 less 13	23,257,670	

**PRODUCTION COMPONENT**

15	Production Component Revenues Requirements	339,368,322	- Exh BSG/JLH-2, Sch JLH-2-3, Page 45 of 92, Line 10.
16	Less: Direct Gas Costs	324,558,618	Line 8 & 9 above.
17	Total Indirect Gas Costs - Line 15 less 16	14,809,704	Lines 21 to 25 Below.
18	Less: Present CGA Revenues in COS - Line 18	16,247,797	Line 6 & 7 above.
19	Decrease Production Revenues - Line 17 less 18	-1,438,093	
20	Net Delivery Increase & Production Decrease Line 14 & 19	21,819,577	Total Company COS in Workpapers Exh BSG/JLH-2, Page 264, Line 11.

**COMPONENTS OF INDIRECT GAS COSTS**

21	LNG & LPG Excluding Bad Debts	5,258,855	- Exh BSG/JLH-3, Sch JLH-3-14, Page 1 of 5, Line 12, Col 12.
22	Bad Debts	7,082,443	- Exh BSG/JLH-3, Sch JLH-3-14, Page 1 of 5, Line 12, Col 13.
23	Dispatching & Acquisition	1,491,704	- Exh BSG/JLH-3, Sch JLH-3-14, Page 1 of 5, Line 12, Col 14.
24	Other A&G and Miscellaneous	976,702	- Exh BSG/JLH-3, Sch JLH-3-14, Page 1 of 5, Line 12, Col 16.
25	Total Indirect Gas Costs	14,809,704	- Exh BSG/JLH-3, Sch JLH-3-14, Page 1 of 5, Line 12, Col 17.

**TOTAL INCREASE REQUESTED**

26	Total Firm Net Delivery & Production Increase	21,819,577	Line 20 above.
27	Plus: Special Contract Increase	418,748	Total Company COS in Workpapers Exh BSG/JLH-2, Page 234, Line 3.
28	Total Increase Proposed Line 26 & 27	22,238,325	- Exh BSG/JES-1, Sch JES-1, Line 1, Col 4.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE D.T.E.  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Danny G. Cote, General Manager

RR-DTE-169: Provide a breakdown of the steel infrastructure replacement program O&M and non-O&M costs for the next ten years.

Response: The Company does not expect to incur any incremental O&M costs while executing the SIR program over the next 10 years. In fact, it expects it's O&M costs to decline over time due to a reduction in the number of leaks requiring repair, which is the basis for the Company's O&M offset proposal. See Exh. BSG/JES-1, Schedule JES-17, Page 1 of 12, Row 16. Regarding non-O&M costs, the Company plans to spend approximately \$24 million worth of SIR program related capital (i.e., non O&M costs) per year for the next 10 years, or approximately \$240 million. The \$24 million consists of \$20 million associated with incremental SIR program expenditures plus \$4 million associated with historical unprotected coated steel replacement expenditures.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE ATTORNEY GENERAL  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Danny G. Cote, General Manager

RR-AG-085: In List No. 31 in response to DTE-3-25, determine if the consulting project listed was put out to bid, and if so, provide a copy of the bid.

Response: The Company's investment in "Call Center Improvements", List No. 31, included costs for call center management software and the related hardware enhancements and consulting support services. It is the Company's practice to put these types of services out to bid. However, the Company is unable confirm that the vendor which provided the services did so as a result of a Request for Proposal / bidding process.

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
RECORD REQUESTS FROM THE ATTORNEY GENERAL  
D.T.E. 05-27

Date: August 26, 2005

Responsible: Danny G. Cote, General Manager  
As to Legal: Legal Counsel

RR-AG-086: Provide copies of all analyses, reports and investigations that were conducted on the Monson-Palmer line.

Response: After a thorough review, all analysis, reports and investigations, done on the coating issues with the Monson Palmer Line, have been determined to be privileged as attorney-client communications or workproduct prepared in anticipation of litigation. Accordingly, there is no discoverable material that may be produced in response to this record request.

Nevertheless, in a good-faith effort to respond to the general nature of the inquiry, Mr. Cote has reviewed certain documents relative to Bay State's investigation into the efficacy and adequacy of the coating on the Monson-Palmer line, completed in 2001 and 2003, respectively. This material concludes that, based on the professional opinion of a third-party expert hired by Bay State to investigate this issue, the blistering and adhesion problems existing with the Scotchkote 206N fusion bonded epoxy coating system resulted from the cleaning and application practices of the fusion bonded epoxy applicator. Specifically, the lack of acid washing and insufficient substrate temperature during the application of the powder coating material was cited as the causes of the blistering and adhesion issues. Finally, Bay State's expert observed that the amount of visible contamination was more than allowed by the NACE International Standard or by the 3M-product literature.

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Date: August 26, 2005

Responsible: Danny G. Cote, General Manager

RR-AG-087: In BSG/DGC-1, Pages 18 and 19, produce the documentation evaluating the cost differences of main replacement based on segment size in the geographic plan of the SIR.

Response: In response AG-23-6 (CONFIDENTIAL), the Company submitted the annual installation contracts it has with the various contractors who install new and replacement pipe for Bay State Gas. In all cases the installation cost per foot drops as the project footage is increased. For example, the current contract (which runs from 2004 to 2006) with RH White, an installation contractor in our Springfield Division, shows a 20% reduction in cost per foot of installation between an over 1,000 foot replacement segment as apposed to a 0 to 300 foot replacement segment.

Further, on large projects (typically over 2,500 feet) the Company typically exercises the right to bid these individually, allowing it to achieve contractor pricing that is even lower than the over 1,000 foot replacement price provided for on the annual bids.

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DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO  
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Date: August 26, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

RR-AG-89 Identify unbilled amounts included in U-13-60 for 2003 and 2004 shown on page 25 that would be assigned to Bay State.

Response: NiSource Corporate Services Company ("NCSC") bills its charges to the affiliates on a one-month lag. Therefore, December 2003 charges were billed in January 2004, and December 2004 charges were billed in January 2005. The difference between the December 2004 and December 2003 amounts are contained on this unbilled revenue line on page 25 of the U-13-60.

Bay State's portion of unbilled revenue on the 2004 U-13-60 is shown below by subtracting Bay State's ("BSG") December 2003 expenses (billed in January 2004) from the December 2004 expenses (billed in January 2005).

December 2004	\$2,367,743.02
December 2003	<u>\$2,566,102.46</u>
Total BSG Unbilled	\$ (198,359.44)

Bay State's portion of unbilled revenue on the 2003 U-13-60 is shown below by subtracting BSG's December 2002 expenses (billed in January 2003) from the December 2003 expenses (billed in January 2004).

December 2003	\$2,566,102.46
December 2002	<u>\$1,844,899.69</u>
Total BSG Unbilled	\$ 721,202.77

Please note that Bay State, as well as all the other affiliates, accrues every month the unbilled revenue from NCSC to ensure a proper matching of revenue and expense on a consolidated basis. Therefore, Bay State's income statement, and resulting cost of service based on the test year 2004, reflects NCSC actual expense for the same period of time.

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Date: August 26, 2005

Responsible: Danny G. Cote, General Manager

RR-AG-101: Provide a printout of the RIM spreadsheet, identifying columns and headings, for 2004 or 2003 to include its implementation and use.

Response: See Attachment RR-AG-101 (A) for a copy of the 2004 RIM model. Due to the voluminous nature of this model, a compact disc is being provided to both the Attorney General and the Department rather than a printout.

The attached RIM model is used when opportunities arise within NiSource for each of its distribution companies to compete for discretionary capital dollars. Such a situation does not necessarily arise each year. The perceived benefit of the RIM model, which was developed in late 2002 and early 2003 by engineers across the enterprise, was to provide a standardized method for NiSource to allocate discretionary replacement dollars. The funding associated with these types of projects represent a small percentage of NiSource's total capital expenditures.

Although Bay State has used the model when submitting discretionary projects for corporate approval, the RIM model has not been used by Bay State to determine its total level of annual capital spending or to plan its main replacement expenditures.

The process Bay State uses to determine main replacement expenditures has recently evolved from a "segment-by-segment" replacement approach to a geographic approach based on an annual review of its leak maps and the WOMS system. As first explained by Mr. Cote on Pages 18-19 of Exh. BSG/DGC-1, the Company has determined, based on the current, widespread leak rates on its unprotected steel infrastructure, that the most appropriate, cost-effective method of replacement is to undertake an area-based replacement strategy. This approach permits the Company to bid the work to contractors competitively, and a contractor to price its bids based on an efficient program implemented by geographic region. This is accomplished by a program predicated on a consistent systematic implementation that targets discrete areas of the Company's system in a geographically continuous fashion.

The Company believes that the SIR program will be efficient because construction crews can stage work continuously by shifting the worksite

along the pipe being replaced, day in and day out, rather than what is often the case now where crews open and close worksites and relocate labor and equipment across town or across the service territory. The SIR program will result in a per foot installation cost less than would be achieved by bidding smaller and more discrete tasks on a per project basis. In addition, there are the public benefits of minimizing disruptions in traffic flow by concentrating work in one section of a municipality.

Regarding the section of Bay State's O&M Manual referred to on Page 3911 of Transcript 23 (i.e., Procedure 14.15, Section 9 originally filed as part of AG-6-1), Bay State's management does not use a bare steel leakage database to prioritize its unprotected steel replacement expenditures. As Mr. Cote explained during hearings, a Brockton engineer developed this database on an ad hoc basis, and the Company does not support it. Attachment RR-AG-101 (B) is a revised page to the Company's O&M Manual deleting the reference to the bare steel leakage database. The Company is in the process of updating all of the various O&M Manuals used throughout its system to reflect this change.

**REPAIR OF GAS LEAK ON DISTRIBUTION MAIN**

When the location of a leak has been determined, prepare the leak site as follows:

1. Check all houses.
2. Place a fire extinguisher near the work area where it will be accessible for immediate use.
3. Expose the main at the area of the leak. Be sure to note the condition of the exposed pipe according to Procedure 7.80.
4. Repair the leak.
5. Soap test the repair.
6. Check the adequacy of leak repairs before backfilling. Check the perimeter of the leak with a combustible gas indicator. In New Hampshire, where there is residual gas in the ground after the repair of a grade 1 leak, a follow-up inspection should be made as soon as practical after allowing the soil to vent and stabilize but in no case later than (1) one month following the repair.
7. Check all curb boxes of services coming from the main in the area of the leak.
8. If gas is present in the area probed in steps 6 and 7, additional leakage is present and shall be repaired.
9. If the main segment is made of steel and shows signs of deterioration or mechanical damage, notify the Field Operations Leader. If appropriate, he will notify Local Engineering to designate the segment as a candidate for replacement. If the main segment is made of steel and is in very poor condition, ask the Field Operations Leader for authorization to replace the segment. Note the overall condition of the exposed pipe, any coating damage, any graphitization, and the pit depth on steel pipe and describe the type of corrosion damage (e.g. uniform, general, or localized corrosion).
10. Repairs to metallic mains and services must consider the following: Piping material, i.e. Bare steel, cast iron, or coated steel; Repair method ie. stainless steel band clamp, "pumpkin" encapsulation device, or steel pin weldment, Residual gas in the trench atmosphere; Remaining wall (repaired) structural condition. Based on the above considerations employ the following guidelines: (a) On old bare steel mains, clean and coat the pipe with tape or mastic in accordance with the manufacturer's recommended procedure.

**BAY STATE GAS/NORTHERN UTILITIES  
OPERATING AND MAINTENANCE PROCEDURES**

Bay State Gas Company  
D.T.E. 05-27  
Attachment RR-AG-101 (B)  
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- (b) On coated steel pipe that is cathodically protected with anodes, repair any coating damage and install a Type "A" test station and 17 lb. anode for "hot spot" protection. Then, run the anode lead up into the test box. Do not thermit weld the anode directly to the pipe. Connect the anode lead to a pipe lead with a Burndy connector. (c) On rectifier protected lines, do not install any anodes directly to the pipe. Install a Type "A" test station (O&M 7.40) and if the corrosion technician specifically requests - drop an anode in the trench and run the anode lead up into the test box.
11. If the main is made of cast iron, each bell and spigot cast iron pipe operating at less than 25 psig that is exposed for any reason must be sealed by encapsulation. If general graphitization is found on a segment of cast iron pipe to a degree where a fracture or any leakage might result, the segment must be replaced. If localized graphitization is found on a segment of cast iron pipe to a degree where any leakage might result, the segment must be replaced, repaired or sealed by internal sealing methods adequate to prevent or arrest any leakage.
12. Record locations of repair fittings on the work order.
13. Backfill the excavation, restore the surface and fill bar holes with approved tar plugs before leaving the work area.

Reference 49 CFR 192.489, 192.753